

BUREAU OF SUPPLIES AND ACCOUNTS
WASHINGTON, D. C.

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18 April 1947

NAVY DECLASSIFICATION/RELEASE INSTRUCTIONS ON FILE

From: The Chief of the Bureau of Supplies and Accounts
To: The Chief of the Bureau of Aeronautics
 The Chief of the Bureau of Medicine and Surgery
 The Chief of the Bureau of Personnel
 The Chief of the Bureau of Ordnance
 The Chief of the Bureau of Ships
 The Chief of the Bureau of Yards and Docks
 The Chief of Naval Research

SUBJECT: Naval Working Fund - Limitation on Use for Contract Procurement and Procedure to be Followed Under Allotments Granted for This Purpose

1. Current examinations and audits of the many different accounts of other government agencies and special depositors involving contract procurement on their behalf by the Navy has developed an imperative need for a strict control over obligations created under the Naval Working Fund. The Naval Working Fund has no capital which can be used even for interim financing of procurement obligations regardless of the amount involved. The availability of this Fund for contract payments, and force account work also, is dependent solely upon the agency having deposited funds, in advance, with the Bureau of Supplies and Accounts to cover the full estimated cost of the contemplated procurement. During the current National Emergency "in-advance" deposits have not been obtained in every case. Procurement contracts, and changes therein which increased the obligations under the Fund, have been made by contracting officers in some cases without notice of any kind to the Bureau of Supplies and Accounts and without advice from this Bureau that funds are in hand to finance the procurement cost. For these reasons, it is necessary to prescribe a procedure which must be rigidly observed hereafter by contracting officers in advance of the incurring of any obligations under the Naval Working Fund, an appropriation under the administrative cognizance of the Bureau of Supplies and Accounts.

2. In order to effectuate the control essential to the proper administration of the Naval Working Fund, the following detailed procedure is prescribed for the guidance of contracting officers and the Bureau of Supplies and Accounts (Code AP-2):

(a) No obligation or increase in any existing obligation under the Naval Working Fund shall be created by any contracting officer until advice is received from the Bureau of Supplies and Accounts (Code AP-2) of an allotment number identifying the allocation of a specific amount for expenditure purposes and no such allotment will be granted until after funds are in hand in the Naval Working Fund to cover the total estimated cost of the project.

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(b) contracting officer having cause to initiate, and before initiating, procurement for another government agency or a special depositor (primarily Bureau of Yards and Docks) should address a letter to the Bureau of Supplies and Accounts (Code AP-2), subject "Naval Working Fund - Request for procurement allotment". This letter shall set forth clearly the name of the agency or special depositor for whom the procurement is contemplated, make reference to order number or letter of the agency involved, describe briefly the nature of the procurement and state the total estimated cost of each contemplated procurement contract. It should request this Bureau (1) to obtain funds to cover the total cost from the agency, organization or party concerned and further, (2) upon receipt of the funds in the Bureau of Supplies and Accounts (Code AP-2) to grant an allotment, or allotments in case more than one contract will be involved, under the Naval Working Fund in order that the procurement papers may be executed. A copy of the order, or letter request of the other government agency concerned, prompting the procurement should accompany the allotment request in all cases where practicable.

(c) Upon receipt of the allotment request, paragraph (b) above, the Bureau of Supplies and Accounts (Code AP-2) will process the request for payment to the agency concerned. Immediately upon receipt of the funds requested, the Bureau of Supplies and Accounts (Code AP-2) will prepare a letter of advice to the contracting officer granting an allotment or allotments in specific amounts of the deposit and designate each allotment by an identifying "allotment number", which number shall be suffixed to the symbol and title of the Naval Working Fund on the pertinent procurement contract, change orders, etc., and on each public voucher related thereto. A separate allotment number will be applicable to each contract which will require separate letters of advice. In addition to the original letter of advice, four carbon copies will be furnished therewith in order that the contracting officer may attach a copy of the allotment authority to the accounting copies of the contract. It will be necessary that the copy of the contract sent to the Navy Central Disbursing Officer concerned contain a copy of the allotment authority otherwise these disbursing officers will not make payment under the Naval Working Fund.

(d) The Officers-in-Charge of the Navy Central Disbursing Offices are herewith directed, by a copy of this letter, to withhold payments on contracts involving new obligations, or changes increasing existing obligations, under the Naval Working Fund until there is in hand a statement from the Bureau of Supplies and Accounts as to the amount of the funds in the Naval Working Fund available for payment on a specific contract. A copy of the letter of advice described in paragraph (c) above will serve this purpose, provided the total payments against the allotment do not exceed the amount therof. In any case where the unexpended balance of an allotment is insufficient to permit payment of an invoice, the disbursing officer shall immediately request of the Bureau of Supplies and

Accounts (Code AP-2) an additional allotment to cover the amount of the payment withheld plus any additional obligations known to be outstanding under the contract involved.

(e) Contracting officers are requested to hereafter furnish a copy of each contract, modification or change order thereunder which involves the Naval Working Fund to the Bureau of Supplies and Accounts (Code AP-2). These data are of inestimable value in reconciling statements of accounts submitted to the agencies financing procurement with the records maintained in these latter agencies.

3. It is requested that addressees disseminate the text of this letter to all contracting officers acting for and in their behalf.

W. A. BUCK

cc: OinC - All NCPO's
DSO - all NavDis and River Commands
Disbursing Officer, 14th ND
DF - BuSandA
DS - BuSandA
SP - BuSandA
AG - BuSandA
AP-2 BuSandA